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Foundation CIA Money Funnel

By Edmond Lebreton

WASHINGTON (AP) — Congressional investigators shifted their course today after hearing that the Central Intelligence Agency had channeled some of its secret spending through a private foundation.

Little was heard of the hush-hush operation beyond testimony that official funds had been

spent through the J. M. Kaplan Fund, a tax-exempt foundation. The amount of the money and its destination were not disclosed.

THE house small business subcommittee turns today, instead, to foundations associated with Texas millionaire H. L. Hunt.

The brief testimony about CIA funds, brought out from reluctant Internal Revenue Service witnesses Monday, resulted in an hour-long, closed-door session later of subcommittee members with the revenue officials and Lt. Gen. Marshall S. Carter, deputy CIA director.

Afterward the subcommittee chairman, Rep. Wright Patman,

D-Tex., told newsmen his group would not pursue further the CIA aspects of Kaplan Fund affairs. The subcommittee is investigating the fund along with others in its study of tax exemption for charitable foundations.

"We are convinced the CIA does not belong in this foundation investigation," Patman said after the conference. "We are dropping it so far as the CIA is concerned."

Patman said, however, the testimony taken had not been contradicted and would stand and that the subcommittee would continue later its investigation of the Kaplan Fund. He has said its founder has "waged a number of battles" to take over companies, in some cases

using "funds set up and dominated by him."

Just as well-trained foxhounds keep after their quarry "even if something else runs across the trail," he said, the subcommittee "is not going to be distracted from the main purpose of its investigation."

AT Monday's hearing, Patman said he had been told by a revenue official and a CIA spokesman that the CIA had used the Kaplan Fund as "a conduit."

Under questioning, Mitchell Rogovin, assistant to the commissioner and IRS liaison man with the CIA, testified a CIA official had come to him late in 1961 after an audit of the Kaplan Fund had begun.

Rogovin said he had been told "they had been using the fund and they just wanted to alert the Washington office. They were concerned whether their interest would be made public and whether the fund would be jeopardized by the audit."

The CIA operates so secretly that

and representatives even know how much money is appropriated for it.

Patman remarked that the limited disclosure might have been averted if the CIA had been more co-operative in providing information he sought after learning privately of the connection with the fund.

"They probably didn't realize the situation," he said.